



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

This is an interesting though somewhat discursive and popular account of the monetary experience of the Republic of Chile since 1850. The author first attempts to compute the production of gold in Chile from the earliest time, although on rather slender data. He describes the situation just before the crisis of 1861 and the excellent measures taken at that time to put Chile on a gold basis. The policy was not carried out, but the country returned to fiat paper, made another attempt at resumption in 1895 and again returned to a depreciated paper money, the use of which still continues, to the great detriment of the country. At present, the country is agitated by the discussion of the evils of its currency and proposed remedies. The account of this experience reads very much like that of our own in the seventies of last century. The book is not a scientific work, but is welcome because it adds to monetary history the experience of still another country with the evils of a bad currency. We may hope that under the leadership of men like Ross, Subercaseaux, Espinoza and others, Chile will soon regain monetary sanity and develop in a way worthy of her great natural inheritance.

DAVID KINLEY.

University of Illinois.

Der landwirtschaftliche Kredit und seine durchgreifende Verbesserung. Eine wirtschaftliche Studie. By TROSIEN, Regierungsrat, Staatskommissar bei der Börse in Hannover. (Berlin: Verlag von Julius Springer. 1911. Pp. viii, 84. 2.80 m.)

The little pamphlet with this somewhat pretentious title is quite a typical example of German thoroughness and profundity. The problem of cheap agricultural credit, which it discusses exclusively upon the basis of Prussian statistics and Prussian experience, is a problem of considerable magnitude in this country as well, though it is not universally recognized even by economists. In absence of scientific information as to the extent and especially as to the conditions of indebtedness of the American farmer, we often assume quite complacently that "there is plenty of money to be had," and that the farmer has no difficulty in getting it "if he is the right sort of man." Trosien not only discusses the problem but has a definite plan to offer. Whether the plan really amounts to a "radical improvement" even in Prussia is a question which no one who has

not a first-hand knowledge of agricultural conditions in that country would venture to answer. The solution or remedy offered would mean very much less in this country, but the pamphlet is interesting nevertheless for the lucid and concise statement of the theory of agricultural credit, unfortunately couched in the hardest of jaw-breaking German. The reasoning is somewhat as follows:

The growing indebtedness of agricultural land is usually looked upon as an evil symptom. With this point of view the author disagrees. He considers it simply a result of industrialization of agricultural production, for credit grows in agriculture as in other lines of industry, and even more so. The most prominent feature of agricultural development is the increased necessity of circulating capital and also of fixed capital in addition to the value of land. Agriculture needs more machinery, more stock, more fertilizers. It *must* purchase many raw materials. This additional demand for capital leads to extension of agricultural credit and indebtedness. The increase in that indebtedness in Prussia alone annually amounts to some 500 or 600 million marks. Nevertheless the fears of excessive indebtedness are exaggerated, for even now the total indebtedness represents only a small proportion of the whole capital value of agricultural property—26 per cent of the total value, and 31 per cent of the land value. This means that three fourths of the entire capital invested in agriculture is held by the owners of agricultural enterprises and borrowed capital represents a much smaller proportion of those in commercial and industrial enterprises. On the other hand, credit is much more thoroughly protected in agriculture than in other branches, because of the greater stability of the value of security. Trosien therefore thinks that the term *Verschuldung* (over-indebtedness) should apply only to those cases where the loan exceeds the total amount of capital invested.

It would seem then that the increase in land values, offering better security for mortgage loans, would automatically permit the necessary increase of circulating or operating capital. While a certain tendency in that direction exists, it is not sufficient to meet the demand, because, argues Trosien, the very increase of land values forces an increase of indebtedness, as the proprietor of the agricultural enterprise is unable to leave so much of his property in the form of fixed capital—the value of the land. In other words, the agricultural population is not growing richer in the same

proportion in which farm lands increase in value. This may be the case where the property does not change hands, but as a matter of fact property does change hands at least once in a generation and frequently oftener, by inheritance, sale, etc. In each case the increased value means that a larger amount of fixed capital must be sunk into the ground value. How this must happen in purchase is quite evident. In transmission of property by inheritance, larger sums of money must be paid to some of the heirs by the one who remains on the land. There is no available cash for this, and the obligation increases the indebtedness, reducing rather than increasing the circulating capital. Of course this increased value permits a larger mortgage indebtedness, but that simply puts a higher interest charge upon agriculture without affecting the operating capital.

In addition to these general observations, the author discusses the special conditions in Prussia, such as legal limitations of mortgage indebtedness in relation to the taxable value of land.

Coming to remedial measures, Trosien is convinced that the effort to relieve agriculture by reducing its indebtedness is a mistake. The great necessity is larger credit and cheaper credit. The solution he finds in personal, rather than mortgage, credit, evidently upon the hypothesis that further increase in land values will claim the possibilities of the latter.

The necessity of increasing the circulating capital means personal, short-time credit, parallel to the discounting of notes in the commercial world. He quotes the remarkable development of coöperative agricultural credit in Germany rather as evidence of the growing necessity for it, than as a method offering a satisfactory solution. Sufficient credit can come only from outside. But there Trosien finds a serious obstacle in the German Code, which grants the mortgage indebtedness a preferential claim upon all property of the agricultural enterprise, not limited to the real property but extending even to crops and stock, though purchased after the mortgage has been affected. The remedy, therefore, is simple—to remove these legal obstacles to the development of personal credit, by giving the creditors for supplies a preferential claim upon the product. The entire destruction of the mortgage privilege frightens him as somewhat too revolutionary, and as a first step he suggests the creation of a preferential claim upon crops and thus returns for debts accrued in the purchase of

fertilizers. This alone would present an important measure because the value of fertilizers used in Germany in 1909 amounted to 374 million marks (almost \$100,000,000). The amount of fertilizers used would be increased; the interest charges would be reduced, as personal credit secured by some rights against the property would of necessity be cheaper than it is now unsecured.

Whether this change in the law of mortgages, suggested by Trosien, would materially reduce the cost of all agricultural credit, the reviewer would not venture to decide. It would seem that the reform suggested is rather mild, and that its retroactive force might be an increased difficulty of mortgage credit because of the weakening of its security. But the analysis of the causes for growth of agricultural credit given in this pamphlet is decidedly interesting.

I. M. RUBINOW.

Le Crédit Agricole en France. By HENRY SAGNIER. Preface by JULES MELINE. (Paris: Librairie Agricole de la Maison Rustique. 1911. Pp. xv, 158. 3 fr.)

The author was a member of the Commission on Agricultural Credit appointed by the International Congress of Agriculture of Paris in 1889 and was subsequently on the extra-parliamentary Commission on Agricultural Credit appointed by the Minister of Agriculture in 1893. His first-hand knowledge of the whole history of French agricultural credit has enabled him to surround the various laws and decrees with important steps and discussions leading up to and establishing the present machinery for rural credit in France. Three things have been especially impressed upon the reviewer's mind in the reading of this book: (1) the extent of the struggle, reaching back more than twenty years, which has been necessary in order to evolve a workable system of decentralized personal credit; (2) the overshadowing amount of state intervention afforded agricultural credit during this period as a result of the demand made upon the Bank of France on the renewal of its charter in 1897; (3) the apparent apathy of many of the regional banks as a result of their clinging to the apron strings of the administration, and the consequent need of renewed local initiative. The author's remedy for this corresponds to the recommendations embodied in the recent *Rapport à la Société nationale d'Agriculture de France*, a copy of which is printed in